

***** T O P S E C R E T *****S COPY

FLASH
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Z 161610Z JAN 74
FM THE SITUATION ROOM TOAHK70

TO RALPH SIGLER FOR LARRY EAGLEBURGER

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TOHAK70

DELIVER IN SEALED ENVELOPE
DESTROY TAPE; RETAIN NO FILE COPIES

TO: HENRY A. KISSINGER
FROM: BRENT SCOWCROFT

WE HAVE A SLIGHT PROBLEM ON THE HOLTON ANNOUNCEMENT TODAY.
IT SEEMS THERE IS A POSSIBLE QUESTION WITH RESPECT TO THE FBI
INVESTIGATION. THE HEAD OF THE SBA IN RICHMOND IS UNDER INVESTI-
GATION FOR MAKING IMPROPER LOANS. THIS OFFICIAL IS A DEMOCRATIC
HOLDOVER WHO WAS RETAINED IN OFFICE ON THE INSISTENCE OF GOVERNOR
HOLTON. WHILE THERE IS AT THIS POINT NO EVIDENCE THAT HOLTON WAS
IN ANYWAY CONNECTED WITH THE IMPROPER LOANS, NEITHER HAS THE
FBI BEEN ABLE YET TO SAY POSITIVELY THAT HE WAS NOT INVOLVED.
THEY ARE RUSHING THE INVESTIGATION AND HOPE TO HAVE IT COMPLETED
BY FRIDAY. WE HAVE TOYED WITH VARIOUS WAYS THAT WE MIGHT BE
ABLE TO MAKE SOME KIND OF STATEMENT WHICH WOULD ENABLE US TO
MAKE CLEAR THAT HOLTON WAS YOUR NOMINATION, BUT THERE IS JUST
NO WAY TO DO IT WHICH WOULD NOT RESULT IN SUBSTANTIAL DAMAGE
IF THE INVESTIGATION FORCED US TO WITHDRAW HIS NAME. I WILL LET
YOU KNOW THE MINUTE WE HAVE AN FBI CLEARANCE.

WARM REGARDS.

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FBI Review Completed

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

***** W H S R C O M M E N T *****

SCOWCROFT ONLY

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